

Attachment B

Declaration of Michelle Rogow

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20 UNITED STATES DISTRICT COURT FOR
21 THE NORTHERN MARIANA ISLANDS

22 UNITED STATES OF AMERICA,

23 Plaintiff,

24 vs.

25 COMMONWEALTH UTILITIES
26 CORPORATION, and the
27 COMMONWEALTH OF THE
28 NORTHERN MARIANA ISLANDS,

Defendants.

Case No. 08-cv-0051

**DECLARATION OF MICHELLE
ROGOW IN SUPPORT OF UNITED
STATES' RESPONSE TO CUC'S
MOTION TO CONSTRUE AND
CLARIFY ORDER**

Judge: Hon. David O. Carter

Hearing Date: TBD

Time:

Location:

DECLARATION OF MICHELLE ROGOW

I, Michelle Rogow, declare the following:

1. I submit this declaration in support of the United States' Response to CUC's Motion to Construe and Clarify Order.

2. I graduated from Drexel University in Philadelphia, Pennsylvania in 1994 with a Bachelor of Science in Civil Engineering. I am a California Professional Engineer, licensed in Civil Engineering.

3. Since 1991, I have been employed by the United States Environmental Protection Agency ("EPA"). Initially, I worked as an Environmental Engineering Aide providing technical support for enforcement matters. In 1994, I began working in EPA's Region 9 office in San Francisco, California, as an Environmental Engineer conducting enforcement inspections and investigations as part of EPA's oil planning, preparedness and response program. I have received training on oil spill prevention and preparedness regulations and personally conducted numerous Spill Prevention, Control and Countermeasures ("SPCC") and Facility Response Plan ("FRP") inspections. In 1999, I became a California-registered Professional Engineer licensed in civil engineering.

4. Since 1999, I have been an On-Scene Coordinator with the duties and authorities prescribed at 40 C.F.R. § 300.120. As an On-Scene Coordinator, I assess and respond to oil and hazardous substance releases and direct and oversee contractors and responsible parties in conducting emergency response actions. I have received training in the management of oil spills and personally have managed responses to actual oil spills.

5. Based on my experience with EPA's oil program and as an On-Scene Coordinator responding to oil spills, I testify to the following based on my personal knowledge and observations.

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1 6. Since April 2006, I have been assigned to the matter now known as
2 *United States v. Commonwealth Utilities Corporation and the Commonwealth of*
3 *the Northern Mariana Islands*, Civil Action No. 08-0051.

4 7. As part of these responsibilities, I have conducted oil spill prevention
5 and preparedness inspections and site visits of CUC Power Plants 1, 2, 3 and 4 and
6 the Rota Power Plant; conducted reviews of SPCC Plans and FRPs; responded to
7 oil spills from the Power Plant 1 and 2 facility and the CUC Pipeline; and
8 coordinated with CUC on oil spill response, prevention and preparedness issues. I
9 issued Clean Water Act (“CWA”) Section 311(c) Orders on October 25, 2006 and
10 October 12, 2007 to CUC in response to oil discharges and threats of oil discharges
11 from its Power Plant 1 and 2 facility and been involved with oversight of
12 compliance with these CWA 311(c) Orders.

13 8. Since March 2009, when the Stipulated Orders were entered by the
14 Court, I have been involved with oversight of compliance with oil spill prevention,
15 preparedness and response activities and work as required by Stipulated Order
16 Number Two. Since entry of Stipulated Order Number Two (“SO2”), I have also
17 been directly responsible for oil spill and hazardous substance cleanup activities
18 being conducted by EPA at Power Plants 1 and 2, Power Plant 3, Power Plant 4
19 and the Rota Power Plant.

20 9. In September 2014, I was part of the EPA/DOJ team negotiating the
21 September 26, 2014 Final Order Re: Joint Stipulation Among the United States,
22 CUC and the CNMI (“EEMC Order”). This Order provided for the appointment of
23 an Environmental and Engineering Management Company (“EEMC”) to assist in
24 the conducting of work under SO2 and funding for the associated work. I
25 participated in most, if not all, of the negotiation sessions between EPA and CUC
26 and the CNMI, including discussions regarding the funding of the EEMC Order.
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1 10. EPA anticipates that the EEMC will have a significant role in
2 implementing SO₂ capital improvement projects. The EEMC's role will be
3 shaped as the process unfolds; funding is made available by CNMI; projects are
4 prioritized; better defined cost estimates are generated; financing needs are
5 clarified, and projects are completed by the EEMC, CUC, or EPA as directed by
6 EPA.

7 11. As the regulatory environmental agency, the EEMC Order provides
8 EPA a substantial role in selecting the projects that will be implemented by the
9 EEMC and overseeing how the work is implemented.

10 12. The EEMC Order imposes funding requirements upon CNMI;
11 however, flexible project implementation is necessary to address priorities,
12 limitations of funding sources and available funding. As CNMI funding under
13 the EEMC Order is limited in amount, under a defined schedule, will not fully
14 fund SO₂ projects, and may be restricted to certain projects by the grant agency,
15 the EEMC Order allows for a dynamic process that authorizes EPA to determine
16 the schedule and which projects will be implemented by the EEMC.

17 13. For initial planning purposes, EPA and CUC created a list of
18 projects from which EPA will identify top priorities, and for those, assign certain
19 ones for the EEMC implementation, with others retained by CUC or EPA, based
20 on available funding. This initial list of projects is not part of the EEMC Order
21 but has been identified by CUC for purposes of its motion as the "thirteen SO₂
22 projects". However, in no manner is EPA limited by the thirteen SO₂ project list
23 in prioritizing and assigning projects, nor does it limit CUC's obligations
24 regarding SO₂.

25 14. Although EPA and CUC attempted to forecast future costs for the
26 thirteen SO₂ projects, the actual project costs are subject to uncertainty. For
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1 example, currently listed projects include the CUC pipeline and facility drainage
2 at each of the power plants. However, since no EEMC or subcontractor contracts
3 are in place, the actual project costs are not known. The CUC pipeline is a high
4 priority and the estimated cost of completing this project is substantial.
5 Therefore, it will impact how much other work can be accomplished with the
6 available funding, including whether the remaining “twelve SO2 projects” can be
7 completed. With respect to the facility drainage, an engineering assessment has
8 not been undertaken so the final design is yet to be determined and the actual cost
9 of the remedy could be subject to substantial change from initial estimates. If,
10 for example, the power plant facility drainage engineering costs increase beyond
11 current cost estimates, EPA might need to direct the EEMC to implement other
12 projects that can be implemented with available funding, rather than move
13 forward with the implementation of the facility drainage plan until adequate
14 funding becomes available. During projects such as the facility drainage
15 engineering assessment, other work may arise that may not be included in the
16 thirteen SO2 projects. Other possibilities may include a newly identified critical
17 SO2 need such as an oil spill or waste management projects that EPA determines
18 must be implemented by the EEMC, regardless of whether the project is
19 identified in CUC’s list of thirteen SO2 projects.
20

21 15. The scope of the work that EPA can actually assign to the EEMC is
22 subject to grant and other funding and the funding schedule. It is EPA’s position
23 that the EEMC should only be tasked to conduct work where there is adequate
24 and applicable grant funding or funding in the Court Registry. Currently, CNMI
25 is only required to deposit \$5M into the Court Registry by December 31, 2014.
26 This first payment and subsequent payments limit the amount of work that the
27 EEMC can conduct. With regard to the other grant-based funding, there will
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1 likely be project specific restrictions on DOI's grant monies made available for
2 the EEMC. Similarly, since CNMI is required to fund the Court Registry or
3 provide notice of funding over a four year period, EPA retained project flexibility
4 to ensure that the assigned EEMC projects meshed with the CNMI funding
5 availability to ensure that the most important projects are addressed first. If
6 CNMI does not meet its EEMC Order funding obligations, it would also impact
7 the nature of the projects performed by the EEMC.

8 16. If the cost of CUC's thirteen SO₂ projects exceeds the CNMI
9 EEMC Order funding requirements, the EEMC would not be tasked by EPA to
10 complete all these projects. If the EEMC's costs for conducting the thirteen
11 projects is less than the EEMC Order funding, additional projects may be able to
12 be tasked or the money may be transferred to the CUC TMO in accordance with
13 EEMC Order Section F.2. During discussions, CUC and CNMI expressed their
14 concern with EEMC spending and CUC requested that EPA retain the option of
15 selecting CUC to conduct SO₂ projects in order to maximize the available EEMC
16 funding as CUC is ultimately responsibility for completing all SO₂ obligations.

17 17. EPA is currently performing cleanup work at Power Plants 1 & 2,
18 and the Rota Power Plant, and may need to remain the lead on that work until
19 appropriate funding is available in the Court Registry.

20 18. In addition to the cleanup work that EPA is performing at Power
21 Plants 1 and 2 and Rota, it is EPA's position that Tank 102 and the CUC Pipeline
22 are currently the highest priority projects under SO₂. Both of these projects have
23 had long delays and these two projects should be completed in the most
24 expeditious manner.

25 19. During discussions that occurred between September 20, 2014 and
26 September 26, 2014 ("September discussions"), CUC and the United States agreed
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1 that CUC would continue and complete work on the construction of Tank 102,
2 since CUC had already contracted for the Tank 102 work and CUC controlled
3 approximately \$1.5M of funding obligated or slated to be obligated by CUC to pay
4 for the Tank 102 contracts.

5 20. CUC is under contract with Tano Group, an approved EPA
6 contractor for this work, to construct Tank 102, for which sufficient grant and
7 CUC funding had been earmarked for the project; therefore, there was no reason
8 to delay completing this important project until the EEMC is selected. The parties
9 advised the Court that in light of CUC's expected Tank 102 progress, an
10 appropriate date for a CNMI-based status conference would be the end of
11 February, 2015.

12 21. During the September discussions, CUC informed the United States
13 that it wanted the pipeline construction project to be transitioned to the EEMC.
14 EPA negotiated with CUC and CNMI in good faith based on this information, to
15 make determinations about how much funding should be provided by the initial
16 December 31, 2014, EEMC Order funding deadline in order to ensure that Tank
17 102 and the pipeline projects were the initial priority projects and completed as
18 soon as possible.

19 22. During the September discussions, CUC estimated the pipeline project
20 would cost approximately \$5.750M, and that only approximately \$222,465 of grant
21 money is available for that work. CUC subsequently raised that estimate in
22 documents provided on September 28, 2014 (*See*, Exhibit 1, at 2). CUC also
23 informed EPA that there was \$1.682M of grant money obligated to the
24 Smithbridge contract (the former pipeline construction company), which may or
25 may not be available for the pipeline construction work.
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1 23. Based on CUC's agreement that CUC would construct Tank 102 and
2 that EPA expected the pipeline construction and construction oversight to be
3 transitioned to the EEMC, EPA agreed to accept the \$5M Court Registry payment
4 due on December 31, 2014, and the \$2.8M payment due by February 1, 2015 - as
5 this amount should be sufficient for the pipeline, the EEMC management costs for
6 the first year and to begin planning for other capital projects to be completed in the
7 second year. However, this amount is not sufficient and was not intended to
8 address the Tank 102 construction because CUC agreed to fund (without using
9 EEMC funds / CNMI funding required under Section D of the EEMC Order) and
10 fully implement the Tank 102 construction.

11 24. EPA and CUC agreed that the pipeline construction work will be
12 transferred to the EEMC. EPA did not agree that the existing pipeline contracts
13 would transfer to the yet to be appointed EEMC. Within approximately two
14 hours of the Court signing the EEMC Order and before the parties exited the
15 courthouse, CUC requested EPA to endorse the transfer of the Smithbridge
16 pipeline construction contract to the EEMC notwithstanding the Court's and
17 EPA's substantial concerns with Smithbridge's poor work relating to pipeline.
18 Despite the concerns raised by the Court, CUC, EPA, and others, CUC
19 alternatively sought approval for continuing to utilize Smithbridge for the
20 pipeline construction. Before leaving the courthouse, the United States rejected
21 CUC's Smithbridge proposal.

22 25. On September 28, 2014, CUC provided a spreadsheet to EPA which
23 memorialized and proposed a path forward given the amount of funding that was
24 being made available to the Court Registry, the cost of projects and the plan for
25 CUC to complete construction of Tank 102 with CUC's existing contracts and
26 funding. Page 6 of CUC's spreadsheet states that the Tank 102 project is "CUC
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1 SCOPE - NOT EEMC.” A true and accurate copy of the September 28, 2014,
2 email and attached spreadsheet from CUC’s TMO Andrew Longworth to me is
3 included as Exhibit 1 to this declaration.

4 26. The upcoming January 4, 2015, resignation of CUC’s Technical
5 Manager for Oil (“TMO”) has heightened EPA’s concern over the capability of
6 CUC to oversee the construction of Tank 102 and other SO2 related work,
7 including the appropriate management of the CUC TMO annual budget. With
8 that in mind, EPA and CUC recently discussed whether the Tank 102
9 construction should be placed with the EEMC. However, these discussions broke
10 down as CUC insisted that the EEMC cannot utilize approximately \$1.15M in
11 non-grant funding and \$350,000 in grant funding (totaling approximately \$1.5M
12 and that is not part of the EEMC fund) already earmarked for Tank 102
13 construction, but that those funds should flow to CUC to use as CUC wishes.
14 EPA is open to discussing whether to reverse the agreed upon course and task the
15 EEMC with the Tank 102 construction but only if the \$1.5M earmarked grant
16 and non-grant Tank 102 funds are used to fund the EEMC for the Tank 102
17 project, without the encumbrances of CUC’s existing contracts. A true and
18 accurate copy of CUC’s notice of resignation of its TMO that was received by
19 me is included as Exhibit 2 to this declaration.
20

21 27. Based upon my experience, the EEMC may not want to be bound by
22 and manage CUC’s existing contracts because: 1) the EEMC is not a party and
23 had no involvement in negotiating or implementing CUC’s contracts; 2) the
24 EEMC may not be able or want to be bound by the terms and conditions of
25 CUC’s contracts; 3) CUC’s contracts may conflict with the EEMC Order and the
26 future EEMC agreement, including its specified rates and payment terms; 4) the
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1 EEMC may have in-house personnel or its contractors to conduct the work; and
2 5) CUC's contractors may have no interest in working with the EEMC.

3 28. The funds provided by CNMI set forth as the total Remuneration
4 under Section D of the Order may not fully fund the thirteen SO2 projects
5 identified by CUC, and were not intended and will not fund all SO2
6 requirements.

7 29. In addition to the \$22.8 million being provided by CNMI pursuant to
8 Section D of the EEMC Order, CUC memorialized in Section D 1.(d) of the
9 EEMC Order that CUC \$2.271M in grant funding is still available for SO2
10 projects (*See*, Exhibit 1, at 4-5). CUC agreed that this funding would either be
11 used by CUC to complete SO2 projects or reprogrammed to allow for its use by
12 the EEMC. This provision in the EEMC Order is further evidence of CUC's
13 agreement regarding its continuing obligations under SO2, and that it would
14 continue to conduct SO2 related work.
15

16 30. Under Section F.1. of the EEMC Order, an annual budget of \$450,000
17 must be funded by CUC for work to be conducted by the CUC TMO, also known
18 as the Petroleum and Compliance Manager. This budget was specifically
19 established to ensure that CUC had funding to undertake SO2 activities and build
20 capacity for CUC to conduct oil infrastructure, oil spill prevention, preparedness
21 and response activities for its facilities. This funding can be used for appropriate
22 SO2 activities and is further evidence of CUC's continuing obligations to comply
23 with SO2, regardless of the EEMC.

24 I declare under penalty of perjury that the foregoing is true and correct to
25 the best of my knowledge and belief.

26 Executed this 12th day of December 2014, in San Francisco, California.

27 /s/ Michelle Rogow
28 MICHELLE ROGOW

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Exhibit 1

Rogow, Michelle

From: Andrew Longworth <andrew.longworth@cucgov.org>
Sent: Sunday, September 28, 2014 8:48 PM
To: Rogow, Michelle
Subject: Project Costs and Prioritization
Attachments: Project Cost Summaries.xlsx

Michelle,

Please see the attached sheet with our discussed project costs and a suggested schedule for each scope. We are working on the scopes and should have a draft for you very soon.

--

Andrew Longworth
Petroleum and Compliance Manager
Commonwealth Utilities Corporation
PO Box 501220
Saipan MP 96950-1220
Office: 670 322 4129
Cell: 670 783 0410

Project	Project Cost	Contingency	EEMC	Total
Pipeline	\$ 3,807,087.02	\$ 951,771.76	\$ 1,189,714.69	\$ 5,948,573.47
PP1/2 Tank 103	\$ 619,236.91	\$ 154,809.23	\$ 193,511.53	\$ 967,557.67
PP1/2 Facility Drainage	\$ 950,000.00	\$ 237,500.00	\$ 296,875.00	\$ 1,484,375.00
PP1/2 FRP	\$ 1,020,000.00	\$ 255,000.00	\$ 318,750.00	\$ 1,593,750.00
PP1/2 Tank 104	\$ 500,000.00	\$ 125,000.00	\$ 156,250.00	\$ 781,250.00
PP1/2 Facility Piping	\$ 550,000.00	\$ 137,500.00	\$ 171,875.00	\$ 859,375.00
PP1/2 Waste Management	\$ 825,000.00	\$ 206,250.00	\$ 257,812.50	\$ 1,289,062.50
PP3 Remediation	\$ 140,000.00	\$ 35,000.00	\$ 43,750.00	\$ 218,750.00
PP4 Remediation	\$ 600,000.00	\$ 150,000.00	\$ 187,500.00	\$ 937,500.00
Rota Waste	\$ 75,000.00	\$ 18,750.00	\$ 23,437.50	\$ 117,187.50
Rota Drainage	\$ 475,000.00	\$ 118,750.00	\$ 148,437.50	\$ 742,187.50
EPA Remediation PP1 & Rota	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00
Grand Totals	\$ 14,561,323.93	\$ 2,390,330.98	\$ 2,987,913.73	\$ 19,939,568.64

Grant Funding with CUC \$ 1,812,727.92
Funding Required from CNMI \$ 18,126,840.72
Order funding \$ 22,800,000.00

Project	Total	Urgency	Limiting	Linking	Estimated Project Duration	2015	2016	2017	2018
Pipeline	\$ 5,948,573.47	High	Contact	-	12 months	\$ 5,948,573.47			
PP1/2 Tank 103	\$ 967,557.67	High	Tank 102	FRP	4 months - after T102	\$ 96,755.77	\$ 774,046.14	\$ 96,755.77	
EPA Remediation PP1 & Rota	\$ 5,000,000.00	High	Nothing	Drainage	24 months	\$ 1,666,665.00	\$ 1,666,665.00	\$ 1,666,665.00	
PP1/2 Facility Drainage	\$ 1,484,375.00	Moderate	Some EPA remediation?	Waste	7 months	\$ 148,437.50	\$ 1,335,937.50		
PP1/2 FRP	\$ 1,593,750.00	Moderate	Nothing	Tanks	6 months	\$ 159,375.00		\$ 956,250.00	\$ 478,125.00
PP1/2 Wate Management	\$ 1,289,062.50	Moderate	Nothing	Drainage	12 months		\$ 644,531.25	\$ 644,531.25	
PP4 Remediation	\$ 937,500.00	Moderate	Nothing	-	6 months	\$ 187,500.00	\$ 187,500.00	\$ 562,500.00	
Rota Drainage	\$ 742,187.50	Moderate	EPA remediation?	Rota Waste	7 months	\$ 742,187.50			
PP1/2 Tank 104	\$ 781,250.00	Low	Nothing	FRP	2 month		\$ 781,250.00		
PP1/2 Facility Piping	\$ 859,375.00	Low	Nothing	PP1 Waste and drainage	2 months			\$ 859,375.00	
PP3 Remediation	\$ 218,750.00	Low	Nothing	-	1 month			\$ 218,750.00	
Rota Waste	\$ 117,187.50	Low	Nothing	Rota Drainage	12 months		\$ 117,187.50		
						\$ 8,949,494.24	\$ 5,507,117.39	\$ 5,004,827.02	\$ 478,125.00
					CNMI Funds	\$ 7,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
					CUC Funds	\$ 1,812,727.92	0	0	0
					Total Input	\$ 9,612,727.92	\$ 5,663,233.68	\$ 5,156,116.30	\$ 5,151,289.28
					Remaining	\$ 663,233.68	\$ 156,116.30	\$ 151,289.28	\$ 4,673,164.28

COMMONWEALTH UTILITIES CORPORATION
DOI/OIA CIP GRANT - SO2 RELATED PROJECTS
AS OF July 31, 2014

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2010-3 (DIIAP00102/GRX0115)	2/22/2010	09/30/14	-To address EPA Stipulated Order No.2 related to Used Oil Infrastructure						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
#1 TECHNICAL MANAGER FOR OIL	3/18/2010	160,000.00	159,603.10	396.90	159,603.10	-	159,603.10	396.90	100%
#2 SECONDARY CONTAINMENT BERMS, SAIPAN	4/1/2010	405,000.00	311,387.30	93,612.70	308,155.65	3,231.65	308,155.65	96,844.35	76%
#3 FACILITY RESPONSE EQPT, PPE & AGREEMENT WITH RESPONSE PROVIDERS	10/19/2010	250,000.00	249,217.84	782.16	249,217.84	-	249,217.84	782.16	100%
#4 TANK SYSTEM INTEGRITY AND CLEANOUT PLAN, schedule and partial clean out & integrity testing - 101, 102,105,106 and Rota	4/30/2010; amend 03/28/11	980,000.00	960,913.97	19,086.03	941,924.52	18,989.45	941,924.52	38,075.48	96%
#5 IMPELEMENTATION OF USEPA APPROVED WORK PLANS FOR PPI, II, AND III	6/23/2010	569,312.00	555,563.05	13,748.95	555,184.45	378.60	555,184.45	14,127.55	98%
#6 DESIGN & ENGINEERING OF FUEL TRANSFER PIPELINE: PP1 & PP2	3/23/2010	142,000.00	142,000.00	-	142,000.00	-	142,000.00	-	100%
#7 SECONDARY CONTAINMENT BERMS, ROTA	4/1/2010	-	-	-	-	-	-	-	-
#8 OIL WATER SEPARATORS ASSESSMENT AND REPAIR - PP1	6/16/2010	80,000.00	-	80,000.00	-	-	-	80,000.00	0%
#9 TRAINING DRILLS	6/15/2010	40,000.00	16,099.00	23,901.00	15,600.00	499.00	15,600.00	24,400.00	39%
#11 USED OIL TRANSFER DISPOSAL (SAIPAN, ROTA)	4/30/2010	580,000.00	568,224.34	11,775.66	568,224.34	-	568,224.34	11,775.66	98%
#12 PURCHASE OF USED OIL SAMPLING AND TESTING FIELD KITS	3/23/2010	25,000.00	10,349.60	14,650.40	8,982.10	1,367.50	8,982.10	16,017.90	36%
#13 PROJECT COORDINATOR/ADMIN COSTS	10/19/2010	30,000.00	15,687.93	14,312.07	8,182.25	7,505.68	8,182.25	21,817.75	27%
#14 Installation of New Fuel Tank	(see proj#4)	788,688.00	495,530.33	293,157.67	495,530.33	-	506,530.33	282,157.67	63%
TOTAL SO2 PROJECT (CNMI-CIP-2010-3)		4,050,000.00	3,484,576.46	565,423.54	3,452,604.58	31,971.88	3,463,604.58	586,395.42	85%
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2011-2 (DIIAP00106)	3/24/2011	03/31/16	REPLACEMENT OF LOWER BASE TO PUERTO RICO PETROLEUM PIPELINE (original funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
REPLACEMENT OF LOWER BASE TO PUERTO RICO PETROLEUM PIPELINE	4/28/2011; 9/18/13	2,154,000.00	2,145,808.47	35,009.00	1,583,413.73	562,394.74	1,884,178.23	269,821.77	74%
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2012-7 (DIZAP00355)	9/20/2012	09/30/17	Funding for Construction of the Lower Base Puerto Rico Petroleum Pipeline Replacement Project (addl funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
Funding for Construction of the Lower Base Puerto Rico Petroleum Pipeline Replacement Project (addl funding)	10/24/2012, 9/18/13	800,000.00	800,000.00	-	-	800,000.00	-	800,000.00	-
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-3 (DI3AP00028)	5/1/2013	09/30/17	To replace CUC's existing oil pipeline with a new one (addl funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To replace CUC's existing oil pipeline with a new one (addl funding)	9/18/2013	1,025,000.00	900,000.00	125,000.00	159,000.00	741,000.00	318,000.00	707,000.00	0

COMMONWEALTH UTILITIES CORPORATION
DOI/OIA CIP GRANT - SO2 RELATED PROJECTS
AS OF July 31, 2014

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-6 (DI3AP00108)	7/19/2013	06/30/18	To provide additional funding for replacing CUC's existing pipeline (addl)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To provide additional funding for replacing CUC's existing pipeline (addl)	9/18/2013	725,000.00	662,542.52	62,457.48	-	662,542.52	-	725,000.00	-

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2012-8 (DI2AP00356)	9/21/2012	09/30/17	Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks. (Approved to include Tank 103,102 and ISO 7/20/13)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
#4A Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks, Tank 103-Saipan	10/24/2012	232,000.00	118,674.30	113,325.70	118,674.30	-	118,674.30	113,325.70	51%

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-1 (DI3AP00018)	3/1/2013	09/30/17	Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
Funding for construction of the CUC Power Plant Fuel Tank	3/8/2013	350,000.00	335,809.36	14,190.64	323,768.11	12,041.25	312,768.11	37,231.89	93%

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2014-2 (D14AP00018)	2/27/2014	09/30/18	To provide additional funding for replacing CUC's existing pipeline (addl)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To provide additional funding for replacing CUC's existing pipeline (addl)		733,252.50	733,252.50	-	336,000.00	397,252.50	336,000.00	397,252.50	46%

Unobligated Balance/SO2 Grants:	\$ 915,406.36	Total Awarded SO2 Grant Funds Not Drawn Down:	3,636,027.28
Update TANO Contract:	\$ (326,434.00)	Minus "Unobligated" Funds:	(2,271,326.36)
Update cancel Smithbridge:	\$ 1,682,354.00	Un-drawn Grant Funds Obligated by Contracts and PO:	1,364,700.92
Potential to reallocate:	\$ 2,271,326.36		

>>mostly VPE

Facility	Project	Scope	Estimated Cost to Complete (A+C-B)	A: Current Contact Amount	B: Spent Amount	C: Estimated Cost - over current amount	Notes
Pipeline	Construction, Commissioning, and Decommissioning	Ensure project is completed to ER specifications	\$ 834,750.00	\$ 795,000.00	\$ 159,000.00	\$ 198,750.00	25% estimate
		Inspect to ensure compliance with specs	\$ 167,000.00	\$ 211,500.00	\$ 162,000.00	\$ 117,500.00	6 months standby plus 1 month site work
		Terminated contractor	\$ 2,201,337.02	\$ 2,631,210.97	\$ 929,873.95	\$ 500,000.00	Current scope + plus additional
		Conduct In-line inspection once commissioned	\$ 160,000.00	\$ -	\$ -	\$ 160,000.00	Quotation from Smithbridge
		Decommission existing pipeline	\$ -	\$ -	\$ -	\$ -	No cost - internal
	Operational Documents and Training	Provide training, IMP, O&M and OQ documents	\$ 444,000.00	\$ 975,000.00	\$ 531,000.00	\$ -	
PP1/2	Tank 102	Ensure project is completed to ER specifications	\$ 155,630.00	\$ 804,266.75	\$ 804,266.75	\$ 155,630.00	CUC SCOPE - NOT EEMC
		Inspect to ensure compliance with specs	\$ 184,000.00	\$ 571,300.00	\$ 459,300.00	\$ 72,000.00	CUC SCOPE - NOT EEMC
		Construct to specifications	\$ 1,101,434.00	\$ 1,101,434.00	\$ -	\$ -	CUC SCOPE - NOT EEMC
	Tank 103, ISO, 120 Cleaning	Clean tanks	\$ 71,533.00			\$ 71,533.00	Gresco proposal - not executed
	Tank 103 Inspection	API 653 inspection	\$ 47,703.91			\$ 47,703.91	EIS proposal - not executed
	Tank 103 Repair	API 653 Repair - tank foundation at a minimum	\$ 500,000.00			\$ 500,000.00	Estimate
	Tank 104 Demolition	Demolish tank 104	\$ 500,000.00			\$ 500,000.00	Estimate
	Drainage	SWPPP	\$ 65,000.00			\$ 65,000.00	AL- professional judgment
		Engineering Evaluation / Assessment / Survey	\$ 150,000.00			\$ 150,000.00	AL - Estimate
		NPDES	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Implement	\$ 460,000.00			\$ 460,000.00	AL- professional judgment
		OWS	\$ 250,000.00			\$ 250,000.00	Quotation
	FRP	Edit FRP to address EPA comments	\$ 15,000.00			\$ 15,000.00	AL- professional judgment
		Purchase materials	\$ 530,000.00			\$ 530,000.00	Estimate based on Lamor 2010 quotation
		Storage building	\$ 435,000.00			\$ 435,000.00	AL- professional judgment
		Annual standby fee to respond to Small to Large spills	\$ 15,000.00			\$ 15,000.00	CUCALL10-C049
		Training Drills	\$ 25,000.00			\$ 25,000.00	QI certs.
	Waste	OWS, Tanks, Redesign	\$ 75,000.00			\$ 75,000.00	
		Engineering Review	\$ 150,000.00			\$ 150,000.00	
		Other Solutions etc. (add more)	\$ 325,000.00			\$ 325,000.00	
		Incinerator and regenerator	\$ 275,000.00			\$ 275,000.00	
	Piping	Replace and maintain facility piping at PP1	\$ 150,000.00			\$ 150,000.00	
			\$ 400,000.00			\$ 400,000.00	
PP3	Remediation		\$ 140,000.00			\$ 140,000.00	
PP4	Site investigation/risk assessment/remediation	Determine the extent of cleanup required and execute that cleanup.	\$ 600,000.00			\$ 600,000.00	
Rota	Drainage	SWPPP	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Engineering Assessment	\$ 75,000.00			\$ 75,000.00	AL
		NPDES	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Implement	\$ 225,000.00			\$ 225,000.00	AL- professional judgment
		OWS	\$ 125,000.00			\$ 125,000.00	AL- professional judgment
	Waste	OWS, Tanks, Redesign	\$ 75,000.00			\$ 75,000.00	
		Total EEMC Responsible Projects (i.e. not Tank 102)	\$ 9,561,323.93	\$ 7,089,711.72	\$ 3,045,440.70	\$ 6,958,116.91	
	Contingency		\$ 2,390,330.98				
	EEMC		\$ 2,987,913.73				
	EPA Remedial Costs		\$ 5,000,000.00				
	Grand Total EEMC		\$ 19,939,568.64				

Exhibit 2



Commonwealth Utilities Corporation



December 2, 2014

Mr. John Tinger
Project Coordinator
U.S. Environmental Protection Agency
Region 9
75 Hawthorne Street (CED-6)
San Francisco, CA 94105

WR-SO-09-214
Ref No. 12-14-002

**Re: Paragraph 15 of Stipulated Order Number 1 - Petroleum and Compliance Manager
(aka Technical Manager for Oil) - Notice of Resignation**

Dear Mr. Tinger:

Pleased be informed that Mr. Andrew Longworth, Petroleum and Compliance Manager (aka Technical Manager for Oil), has resigned from his position. The effective date of his resignation is January 4, 2015. CUC is currently developing a process for his replacement.

If you have any questions, please contact me directly at (670) 235-6090. Thank you for your time and consideration in this matter.

Yours Truly,

ALAN W. FLETCHER
Executive Director

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Copy: Bradley O'Brien, DOJ
Janet Magnuson, EPA
Gretchen Busterud, EPA
Ken Greenberg, EPA
Michelle Rogow, EPA
Carl Goldstein, EPA

Michael Lee, EPA
Gilbert Birnbrich, OAG
Frank Rabauliman, DEQ
David Rosario, DEQ
Kate Fuller, DEQ
Keith Aughenbaugh, DOI-OIA

Joanne Paraiso, CUC
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